WEEKLY ECONOMIC REVIEW

November 16, 2007

The Canadian dollar fell to US$1.028 on Friday, down more than 7 cents from its intra-day peak. Moderating commodity prices and the Bank of Canada's comment that the high dollar could hurt economic growth contributed to the decline.

With the loonie remaining near record levels, Canadian exports are now more expensive for U.S. buyers, resulting in more difficulties for Canadian manufacturers. Manufacturing shipments in September fell by 0.9% Canada-wide and were down 5% compared to just six months ago. Alberta manufacturing also fell by 0.9% compared to last month but was up 2.2% compared to last year. Most industries weakened in September led by losses in technology and wood product manufacturers. One bright spot was the transportation equipment sector which gained 8.1%

New vehicles sales in Alberta fell by 5.3% in September, representing the second consecutive month of declines. From September 2006, sales were down 0.8%. Auto sales were down 2.1% for the entire country. SUVs and trucks represented the bulk of the declines seen in sales this month. These figures do not include cross-border vehicle purchases.

Two additional major Canadian banks announced sizable writedowns this week. The writedowns reflecting losses associated with Canadian exposure to U.S. credit market problems. Canadian losses have been relatively small compared to U.S. banks, as global writedowns due to subprime losses have totaled more than $45 billion. Also, recent gains in other areas by Canadian banks have basically nullified the losses.

Cdn Dollar (US¢/C$)

November 16, 2007	102.8
November 9, 2007	106.5
2007-08 YTD	95.6

WTI Oil US$/bbl

November 15, 2007	$ 93.43
November 8, 2007	$ 95.46
2007-08 YTD	$ 74.02

Nymex Natural Gas C$/MMBtu *
November Contract

November 16, 2007	$ 7.64
November 9, 2007	$ 7.28

*Estimate based on Nymex Futures Market Price

U.S. retail sales were basically flat in October, rising 0.2% from September. Compared to last year, sales are up 5.2%. Much of the sales growth can be attributed to higher food and gasoline prices, suggesting that the housing downturn and credit squeeze are finally taking their toll on consumer spending.

Meanwhile, U.S. inflation was 3.5% in October, up 0.3% from September. The largest contributor to inflation was higher gasoline prices, which have continued to rise, leading expectations of higher inflation in November.

Oil prices fluctuated this week on speculation about possible supply changes stemming from the upcoming OPEC Summit this weekend. Crude prices closed at $93.43 on Thursday after losing ground earlier in the week.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Manufacturing Shipments[2] (000,000s)	**September**			
Alberta	5,610	-0.9%	2.2%	1.1%
Canada	50,403	-0.9%	1.2%	1.3%
New Motor Vehicle Sales[2]	**September**			
Alberta	20,665	-5.3%	-0.8%	5.0%
Canada	140,263	-2.1%	1.2%	2.6%

Source: Canadian Mortgage Housing Corporation and Statistics Canada [1]Year-to-date 2007 compared to the same period in 2006 [2] seasonally adjusted